GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:704
ANSWERED ON:04.03.2005
NATIONAL INVESTMENT FUND
Boianapalli Shri Vinod Kumar;Murmu Shri Hemlal;Panda Shri Prabodh;Patil Shri Prakash V.;Singh Shri Chandra Bhushan

Will the Minister of FINANCE be pleased to state:

(a) whether the Union Government have decided to set up a National Investment Fund;

(b) if so, the details thereof including the source of such fund;

(c) whether the funds collected from disinvestment would cater to the need of social sector and revival of sick Public Sector Undertakings; and

(d) if so, whether detailed action plan has been worked out and sick PSUs identified?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI S.S. PALANIMANICKAM)

(a) & (b) Yes, Sir. Government decided on 27th January 2005 to constitute a "National Investment Fund" into which the realisation from sale of minority shareholding of the Government in profitable PSEs would be channelised. The Fund would be maintained outside the Consolidated Fund of India and would be professionally managed by selected Public Sector Financial entities, which have the requisite experience to provide sustainable returns to the Government without affecting the corpus.

(c) Yes, Sir. The income from the Fund would be used for the following broad investment objectives: -

(i) Investment in social sector projects which promote education, health care and employment;

(ii) Capital investment in selected profitable and revivable Public Sector Enterprises that yield adequate returns, in order to enlarge their capital base to finance expansion/ diversification.

(d) The Board for Reconstruction of Public Sector Enterprises has been constituted by the Government, which is located in the Department of Public Enterprises (DPE), to take up the cases of strengthening, modernizing, reviving and restructuring of Public Sector Enterprises.